

Custodian Changes FAQs

The following frequently asked questions were originally published to our site on December 1, 2015, and have since been removed.

Why is the Illinois Funds implementing these changes?

Changes to Rule 2a-7 of the Securities and Exchange Commission (SEC), accounting rules and banking regulations necessitate changes to our current operations. Investment account rules require that all purchases and redemptions to an investment fund be warned transactions. This eliminates our ability to allow E-Pay processing or check writing activity within the fund.

In order to continue offering secure, electronic payment services under The Illinois Funds program we are implementing a clear delineation between Illinois Funds investment accounts and E-Pay settlement accounts. As of February 16, 2016 we are transitioning E-Pay settlement accounts to the Illinois National Bank (INB).

Will I be able to transfer the funds in my E-Pay settlement account to my Illinois Funds investment account(s)?

Yes, as part of the transition, the custodian for E-Pay settlement account(s) will be the Illinois National Bank. For no additional fee, Illinois National Bank will automatically transfer any funds over your target balance (see below) to your Illinois Funds account(s) at 10:30am daily.

In addition to this automatic transfer, you will have the ability to move funds from your E-Pay settlement account into your Illinois Funds investment account at any time by initiating an ACH or wire transfer with U.S. Bancorp Fund Services to your E-Pay account at INB. Please note, there is a minimum wire amount requirement of \$100 and wire transfers into your INB E-Pay settlement account will incur an \$8 incoming wire fee. There is no fee for ACH transfers from your E-Pay account to your Illinois Funds investment account.

What types of transactions are allowed through my E-Pay settlement account at INB?

- Monies can be deposited or withdrawn from E-Pay settlement accounts by E-Pay processors (Forte, Global, Vantiv, AMEX, Discover) or U.S. Bank Fund Services on behalf of the Illinois Funds program
- E-Pay settlement accounts do not have check writing, ACH origination or wire origination capabilities
- Any non-E-Pay related ACH debit activity should be redirected to a local banking account of your choosing. Debits from third party integrators will be allowed as long as they are linked to an E-Pay payment service. The fee for this allowance is an additional \$10/month. Please let us know if you'd like to add a debit allowance to your account by providing the ACH originators name and Company ID.

What is my "Target Balance"?

The "Target Balance" is an amount that you choose between \$1,000 and \$250,000. The \$1,000 minimum is meant to help mitigate overdrafts on your account from chargeback/reversal activity. The \$250,000 maximum was set because INB is not pledging collateral to E-Pay accounts. However, there will be no fee for going below your target balance.

Can I change my Target Balance?

Yes, if you are the authorized signer on the account please provide your request to us in writing.

Why do I have to keep a Target Balance?

You will be required to maintain a target balance of \$1,000 in your E-Pay settlement account to help avoid overdrafts due to chargeback/reversal activity. However, there will be no fee for going below the target balance requirement.

Will I be charged a \$.10 credit fee for every transaction processed via an E-Pay channel (online, phone, POS)?

No. Funding into your E-Pay account is handled under a batch process which means your E-Pay transactions are aggregated under a single deposit by E-Pay processors. You will incur a \$.10 credit fee for each deposit made by an E-Pay processor (Vantiv, Forte, Global Payments, Discover, AMEX). Depending on how your E-Pay services are set up multiple processors may deposit into your E-Pay account daily resulting in multiple credit fees per day.

Will the monthly maintenance fee apply to inactive accounts as well?

Yes. All E-Pay settlement accounts will incur a monthly maintenance fee regardless of inactive status.

What account will my absorbing processing fees be debited from?

Fees will be debited from your E-Pay settlement account(s) at INB following the transition. You should take this debit amount into consideration when setting your target balance.

How will my target balance be met?

Target balances will be met through E-Pay processing and build up from \$0 on day 1 (there is no penalty for a \$0 balance on your E-Pay account).

Can I combine my E-Pay accounts to a single account?

Yes, the Illinois Funds program has no restrictions on comingling E-Pay services under a single settlement account at INB and a single investment account at USBFS. For this, you will have to complete a change of information application by January 22, 2016 or wait until after the transition on February 16, 2016 to request this change.

What is the deadline for making changes to my E-Pay account(s) prior to the transition?

January 22, 2016 is the deadline to combine multiple E-Pay services under a single account, open a new account or close an account before the transition to INB.

Can I link multiple E-Pay accounts to a single Illinois Funds investment account at USBFS?

Yes. However, we ask that you wait until after the transition to avoid any funding issues. Post conversion you will be able to consolidate multiple E-Pay accounts under a single Illinois Funds investment account and close any unnecessary investment accounts at USBFS. However, please note INB cannot link a single E-Pay account to multiple IL Funds investment accounts.

Will I continue to receive a bank statement for my E-Pay settlement account?

Yes. Going forward you will receive a monthly bank statement from INB for your E-Pay settlement account and from USBFS for your Illinois Funds investment (tied to your E-Pay settlement account) via mail.

In addition you will have access to view activity on your E-Pay settlement account via INB's online banking system and view and perform transactions on your Illinois Funds investment account via USBFS's online portal.

Will there be costs associated with my E-Pay account(s)?

Yes. Illinois National Bank's cost structure for E-Pay participants effective February 16, 2016 is as follows. However, INB fees will not be assessed for the period of February 16 - 29, 2016. INB will begin assessing fees on March 1, 2016.

Option 1 - Account Maintenance \$10 per month with direct debit or

Option 2 - Account Maintenance \$12 per month with invoice

Credits to the account - \$0.10 per item

Earnings Credit Rate 0.17%

Pricing Assumptions

- *E-Pay Accounts will be used solely as a credit card settlement account with funds transferred daily to Illinois Funds.*
- *A target balance of \$1,000 should be maintained to cover chargeback occurrences.*

Additional Banking Services

The services outlined below are optional and only applicable if needed

Non-Sufficient Funds

Overdraft Fee per item \$30.00

ACH Services

ACH Return Item \$2.00

Wire Transfer Services

Incoming Wire Transfer \$8.00

Outgoing Wire Transfer \$13.00

Information Service

Account Maintenance Options 1 and 2 include one online banking user.

Additional users are \$5.00 each per month.

How can I avoid paying an overdraft fee (NSF) on my account?

You need to keep in mind that any chargeback/reversal activity on your account may cause an overdraft and you will incur a \$30 NSF fee. You have the ability to deposit money into your E-Pay settlement account from your Illinois Funds investment account via US Bank Fund Services' online portal at any time without a fee.

If I have additional questions, where can I find more answers to my questions?

- For additional questions, please visit the Illinois Funds' web site at www.illinoisfunds.com.
- For questions on your Illinois Funds investment account, please call (800) 947-8479.
- For any questions about E-Pay, please call (866) 831-5240.
- For questions on establishing bank accounts at U.S. Bank, please call (651) 466-8606.

Questions about Online Banking Access

How will I access my E-Pay settlement account(s)?

You will have access to your E-Pay transaction history, including fund transfers and monthly bank statements, via INB's online banking system. Please note INB's online banking system does not allow you to perform any transactions, it is meant to view account information only. You should have received enrollment instructions within your transition packet mailed on December 1, 2015.

How do I set up online access for my E-Pay account?

You should have received enrollment instructions within your transition packet mailed on December 1, 2015. Only authorized signers can grant access to individual users. INB's online banking system does not allow you to perform any transactions, it is meant to view account information only. Please note, account maintenance options 1 and 2 include one online banking user. Additional users are \$5.00 each per month.

When will INB's online banking system be available?

INB online banking enrollment will be available as of February 16, 2016.

What accounting software can I download files to from INB's online banking system?

E-Pay authorized users can export data from INB's online banking system to the following accounting software: CSV, Quickbooks, Quicken.

Will I still be able to access U.S. Bank's online banking system for my E-Pay account after conversion and if so for how long?

Effective end of the business day, February 12, 2016, you will no longer have access to enroll, view account information, or obtain login assistance for your Illinois Funds investment account through U.S. Bank Online Banking at www.usbank.com. However, 6 months of historical data will be made available to you upon request for transactions prior to the transition. You will also still have the ability to view card processing payment information through either Forte or Global's online systems.

Effective February 16, 2016 you will be able to access U.S. Bank Fund Services' online portal via www.illinoisfunds.com to view your investment account activity.

Is there any transactional activity allowed with INB's online banking system?

No. INB's online system only provides access to view activity but you will not be able to perform any transactions using that system.

Will I be able to authorize more than one person to perform transactions on my Illinois Funds investment account using U.S. Bancorp Fund Services web portal?

Yes. As an authorized signer you will be able to grant access to multiple users to perform transactions, such as an ACH origination, on your Illinois Funds investment account at USBFS using their online portal. Authorized signers should have received an enrollment packet from USBFS on 1/8/16 via mail or on 1/15/16 via email to establish online access.